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## **Tax Incentives**

### ***YOUR BOTTOM LINE IS OUR TOP PRIORITY***

The state of Connecticut and local cities and towns offer a wide variety of tax incentives that encourage business investment. Numerous tax credits, tax exemptions, and tax abatements are available at the state level, while municipalities can offer property tax incentives based on certain levels of capital investment. DECD helps companies identify specific tax incentives that will positively impact the bottom line and improve long-term competitiveness. The following is a list of tax incentives:

#### **Urban and Industrial Site Reinvestment Tax Credit**

Dollar-for-dollar corporate tax credit of up to 100% for an investment up to a maximum of \$100 million in an urban area or an industrial project; minimum investment is \$5 million in distressed communities and \$50 million in all other communities.

#### **Angel Investor Tax Credit**

A tax credit for angel investors with a cash investment of \$25,000 or more in a qualified Connecticut business. The credit shall be equal to 25% of the investor's cash investment. Total tax credits allowed shall not exceed \$250,000 for any angel investor. Qualified businesses must apply to Connecticut Innovations and be approved to be eligible for a tax credit.

#### **Enterprise Zone Program**

Qualifying corporations established within an enterprise zone can receive a 5-year, 80% real and personal property tax abatement and a 10-year, 25% up to 50% corporate business tax credit.

#### **Sales and Use Tax Exemption**

Sales and use tax relief on the purchase of tangible personal property for qualifying retention and expansion projects or projects that significantly contribute to a targeted industry cluster. The minimum investment in eligible property must equal \$5 million.

#### **Manufacturing Property Tax Exemptions**

A 100% exemption is available on newly acquired and installed machinery and equipment used in the manufacturing process eligible for 5-7 year depreciation.

#### **Corporate Sales Tax Exemptions**

A 100% corporate sales tax exemption is available for: (a) machinery used in the manufacturing of finished products or in the biotechnology industry; and, (b) materials, tools and fuel used in the manufacture or fabrication of finished products or in the biotechnology industry. A 50% exemption on machinery, tools, fuels and equipment may be available for those not meeting the requirements for the 100% exemption.

#### **Municipal Property Tax Abatement**

Connecticut cities and towns can provide real and personal property tax abatements. The Department of Revenue Services publishes a "Guide to Connecticut Business Tax Credits" found on [www.ct.gov/drs](http://www.ct.gov/drs).

For more information, contact the Connecticut Business Response Center at 1-800-392-2122 or visit [www.decd.org](http://www.decd.org).